

China

Chinese developer stocks rallied after a deeper-than-expected cut in a mortgage reference rate and Beijing's pledge of financing help, as policymakers showed more urgency to ease a severe property crisis.

A Bloomberg Intelligence index tracking developers rose as much as 1.9%, before paring the gains to 1.2% in afternoon trading. Their junk dollar bonds were up 0.5 cent to 5 cents on the dollar, according to credit traders.

Investors took the loan prime rate cut and new special loans to aid completion of stalled projects as signs of Beijing's willingness to arrest a housing slump and alleviate an industry-wide cash crunch. But analysts cautioned that a thorough recovery of the sector's health would require stronger and even unconventional measures. (Bloomberg).

Cu/Al

Copper held two days of gains and aluminum rose, as China's worsening power shortage tightened metal supplies in the world's top market.

Copper inventories at warehouses monitored by the Shanghai Futures Exchange extended declines to hit the lowest level in seven months, as power rationing led to output being curtailed at smelters and fabricators. Supply stress is leading to rising premiums for both spot and imported cargoes.

For aluminum, 360,000 tons of aluminum capacity -- or 0.8% of the country's total -- has been suspended since mid-August, with an additional 300,000 tons at risk if the power crunch persists, analysts including Trina Chen from Goldman Sachs Group Inc. wrote in a note dated Sunday.

China's power crunch is adding risks to energy-intensive metals producers, especially for aluminum and zinc, with around half of the Europe region's total closed in the past year due to record power costs. Electricity issues are contributing to volatile trading of base metals as traders assess supply losses against the rising risk that runaway inflation and tightening monetary policy will hammer demand.

Copper Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	8,058	R1	8,214		Stochastic overbought
S2	7,965	R2	8,230		
S3	7,810	R3	8,333		

Synopsis - Intraday

Source Bloomberg

- Price is above the EMA support band (Black EMA's)
- RSI is at 50 (54)
- Stochastic is overbought
- Price is above the daily pivot point USD 8,058
- Bullish based on price last week but with a neutral bias due to price being above key support and below key resistance. Price moved higher on Friday before trading above the USD 8,095 resistance on the open due to the rate cut in China. Price has failed to hold the upside move with the futures trading below the opening value. The futures are above the 8-21 period EMA's supported by the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 8,058 with the RSI at or below 50.5 will mean price and momentum are aligned to the sell side. Downside moves that hold at or above USD 7,810 will support a bull argument, below this level the technical will have a neutral bias. Only below USD 7,602 is the intraday technical bearish.
- The upside move above USD 8,095 does support a bull argument, warning that the USD 8,214 fractal high could be tested. However, the opening price is failing to hold, warning the opening move is not strong, leaving support levels vulnerable.
- Technically bullish, rate movements have the potential to mess with the wave analysis on the intraday as this is a psychological footprint of the market. However, if you at the intraday cycle that started from the USD 7,602 low on the 04/08 you will see that if this is a bullish move then the wave-3 is currently the shortest wave with price trading to a low of USD 7,852 on the 18/08. This means that the wave 5 must be shorter than the wave 3, implying we cannot trade above USD 8,190. Anything out side of this is either a new cycle, or a complete failure of the cycle.

Aluminium Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear	
S1	2,373	R1	2,389		RSI below 50	
S2	2,358	R2				2,459
S3	2,310	R3				2,527

Source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (44)
- Stochastic is below 50
- Price is on the daily pivot point 2,392
- The futures opened higher on the day but have moved lower overnight. Price is below the EMA resistance band supported by the RSI below 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle below USD 2,392 with the RSI at or below 42.5 will mean price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 47 will mean it is aligned to the buy side.
- Technically bearish the futures did make a new low on Friday before moving back into the consolidation zone, meaning we the futures continue to have a neutral bias. Upside moves above USD 2,459 will indicate that momentum based on price is strengthening based on the futures making a higher high.

Zinc Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	3,487	R1	3,510		RSI above 50
S2	3,413.5	R2			
S3	3,267	R3			

Synopsis - Intraday

Source Bloomberg

- Price is between the EMA support band (Black EMA's)
- RSI is above/at 50 (50)
- Stochastic is above 50
- Price is above the daily pivot point USD 3,487
- Technically bearish last week with the futures looking like they have completed a bullish intraday Elliott wave cycle. Momentum had warned that the futures have the potential to move higher as the RSI moved above 50. Price is between the EMA support band with the RSI above 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 3,487 with the RSI at or below 45 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below USD 3,681 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- The futures have created a new low meaning the technical remains bearish, the EMA bands are now flat with price starting to move sideways, indicating the intraday futures have a neutral bias. The RSI remains around the 50 level but the stochastic is nearing overbought territory, warning the futures are looking vulnerable to a test to the downside.

Nickel Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	22,126	R1	22,640		RSI below 50
S2	21,020	R2	23,277		
S3	20,616	R3	24,090		

Synopsis - Intraday

Source Bloomberg

- Price is on the EMA support band (Black EMA's)
- RSI is below 50 (49.8)
- Stochastic is at 50
- Price is above the daily pivot point USD 22,126
- We continue to see the futures in a ranging environment with price opening flat to Fridays close. The futures are trading below a flat EMA support band with the RSI below 50, intraday price and momentum are aligned to the buyside.
- A close on the 4-hour candle below USD 22,126 with the RSI at or below 46 will mean price and momentum are aligned to the sell side.
- The technical continues to remain unchanged with the futures neutral on price supported by flat EMA's

Lead Morning Technical (4-hour)



	Support	Resistance	Current Price	Bull	Bear
S1	2,030	R1	2,047	Stochastic oversold	RSI below 50
S2	2,001	R2			
S3	1,942	R3			

Synopsis - Intraday

Source Bloomberg

- Price is below the EMA support band (Black EMA's)
- RSI is below 50 (39)
- Stochastic is oversold
- Price is below the daily pivot point USD 2,053
- Having previously noted concerns about the validity of the bullish technical due to wavelength the futures have moved lower. Price is below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side; however, the candle remains open, meaning the technical needs confirmation.
- A close on the 4-hour candle below USD 2,053 with the RSI at or below 41.5 will confirm that price and momentum are aligned to the sell side. Likewise, a close above this level with the RSI at or above 44 will mean it is aligned to the buyside. Upside moves that fail at or below USD 2,153 will leave the futures vulnerable to a test to the downside, above this level the technical will target the USD 2,197.5 and USD 2,217 resistance levels
- The pullback is deep into the last bull wave meaning the technical is bullish but with a neutral bias, only below USD 2,001 is the technical bearish. Downside moves below USD 2,030 do have the potential to create a positive divergence with the RSI on lower time periods, not a buy signal it does warn that we could see a momentum slowdown on a new low.

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